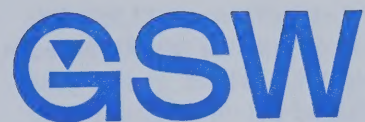


AR32



INTERIM REPORT TO SHAREHOLDERS

FOR THE SIX MONTHS ENDED JUNE 30, 1970

GSW LIMITED - GSW LIMITÉE

To the Shareholders:

Sales in the first half were \$31,959,000 compared to \$30,633,000 in 1969. Second quarter sales were 6% ahead of last year despite the continued fall-off in Housewares and Metalwares caused by soft market conditions, and unprofitable lines being discontinued. All other divisions equaled or exceeded their 1969 volumes in this second quarter. Market share in most product groups continued to improve.

Profits in the second quarter, as in the first quarter, were below last year's levels due to planned inventory reductions and relocations. Net profit for the first six months dropped to \$301,000 from \$501,000 in 1969.

Our Metalwares relocation to Hamilton is now complete. The new Building Products factory and Service building in London are now operational. We have completed our move to the new Montreal Housewares plant and it will be in full production in September.

Our markets are generally soft although we have maintained volume in most product lines. We do not expect a market improvement before 1971. In response to this we have reduced our inventories and expenses quite sharply.

The amalgamation of GSW Ltd./Ltée and Beatty Bros. Ltd. is now complete and the new GSW A and B shares have been posted on the Toronto and Montreal stock exchanges. We welcome the former Beatty shareholders who are now shareholders of GSW Ltd./Ltée.

On behalf of the Board,

R. M. BARFORD,
President.

Toronto, July 23, 1970

Consolidated Statement of Profit and Loss (with comparative figures for 1969)

Sales

Profit before the undernoted items

Depreciation

Interest

Operating profit before income taxes
and extraordinary items

Provision for income taxes

Net profit before extraordinary items

Extraordinary income (expense):
Plant relocation costs less applicable
income taxes thereon

Recovery of income taxes resulting from
carry-forward of prior years' losses

Net profit for the period

Profit per share (on an amalgama
new common share basis).....

NOTES 1: These statements reflect the result
basis. 1969 figures have been adj
2: The foregoing financial statements

Consolidated Statement of Source and Application of Funds
(with comparative figures for 1969)

**SIX MONTHS ENDED
JUNE 30**

1970 1969

(in thousands)

\$31,959 \$30,633

1,251 1,753

244 220

386 281

630 501

621 1,252

325 667

296 585

— (100)

5 16

\$ 301 \$ 501

12¢ 22¢

**SIX MONTHS ENDED
JUNE 30**

1970 1969

(in thousands)

Funds were derived from:

Operations —

Net profit for the period

\$ 301 \$ 501

Depreciation

244 220

545 721

Common shares issued

— 16

545 737

Funds were applied to:

Purchase of fixed assets (net)

396 134

Redemption of preferred shares

72 59

Reduction of funded debt

162 206

Preferred shares dividends

56 58

686 457

Increase (decrease) in working capital

\$ (141) \$ 280

operations on the amalgamated
accordingly.
not been audited.

THE DIVISIONS OF THE COMPANY AND THE PRODUCTS THEY MARKET

APPLIANCE DIVISION

London, Ont. and Fergus, Ont.
George S. Dickson, General Manager

GSW-McClary and Beatty refrigerators,
electric ranges and freezers
GSW-Easy and Beatty automatic washers
and dryers
wringer washers
twin-tub washers
GSW air conditioners
Easy coin laundry equipment

HOUSEWARES DIVISION

Gene Webber, General Manager
Montreal, Quebec Plant

stainless steel cookware
aluminum cookware
pantryware
enamel cookware

METALWARES DIVISION

E. Spencer King, General Manager
Hamilton, Ont. Plant (Duro)

galvanized ware
dairy pails
stove pipe and elbows
roof drainage
waste paper baskets
sheet iron cookware

BEATTY DIVISION

Fergus, Ont.
Lou Hollander, General Manager
mechanical feeding equipment
silo unloaders
gutter cleaners
liquid manure spreaders and equipment
steel pens and stalls
vitreous enamel steel silos
Beatty and McDougall domestic water pumps,
tanks and equipment
Beatty boat and snowmobile trailers
wringer washers
Lovell wringers for laundry equipment

FREEZER DIVISION

Fergus, Ont.
Keith Pifer, General Manager
chest freezers

WATER HEATER DIVISION

London, Ont. and Dundas, Ont.
Bill Arbuthnot, General Manager
electric water heaters
gas water heaters
glass-lined range boilers
galvanized range boilers

BUILDING PRODUCTS DIVISION

London, Ont.
Douglas High, General Manager
toilet partitions and shower cabinets
custom steel doors
standard doors and frames
lockers
fire doors

SERVICE DIVISION

London, Ont.
Jim Alexander, General Manager
replacement parts for appliances
servicing appliances

UK DIVISION

Hatfield, UK.
Mike Maskall, Managing Director
McClary warm air gas
and electric furnaces
McClary coin-operated gas dryers
McClary coin-operated laundry equipment
Temco gas space-heaters